

Message Text

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62

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 SWF-02 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-03 INR-11 NSAE-00 RSC-01

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7453

INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

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AMEMBASSY THE HAGUE

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AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EAID, EEC

SUBJECT: EC POSITION ON WORLD FOOD CONFERENCE

REF: EC BRUSSELS 4161

1. BEGIN SUMMARY: WE HAVE OBTAINED AN INITIAL DRAFT OF THE EC
COMMISSION MEMORANDUM TO THE COUNCIL ON THE RECOMMENDED EC POSITION

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FOR THE WORLD FOOD CONFERENCE (WFC). THE FINAL MEMORANDUM WILL

BE DISCUSSED BY THE EC COUNCIL. THE DRAFT FAVORS EC ACCEPTANCE OF THE BOERMA PROPOSAL, LIMITED PARTICIPATION IN EMERGENCY STOCKS AND BETTER COORDINATION OF DEVELOPMENT AND TRADE POLICIES WITH REGARD TO LDC AGRICULTURE. END SUMMARY.

2. THE MEMORANDUM BRIEFLY REVIEWS THE WFC SECRETARIAT-GENERAL'S REPORT, NOTING THE POLITICAL IMPLICATIONS OF ITS FINDINGS WITH REGARDS TO FOOD STOCKS, INCREASED LDC AGRICULTURAL PRODUCTION, AND FOOD AID. THE EC BELIEVES THAT WORLD AGRICULTURAL PRODUCTIVE CAPACITY IN THE 1980'S WILL BE ENOUGH TO COVER COMMERCIAL DEMAND BUT NOT THE FOOD NEEDS OF THE LDC'S. ALSO, IT EXPECTS THAT FUTURE FLUCTUATIONS FOR AGRICULTURAL PRODUCTS ON THE WORLD MARKET WILL BE SHARPER FROM YEAR TO YEAR THAN IN THE PAST.

3. SECONDLY, THE COMMISSION MEMORANDUM DEALS WITH WHAT IT FEELS SHOULD BE THE FOCUS OF THE WFC: WAYS TO INCREASE LDC FARM PRODUCTION. COMMUNITY ACTION IN THIS AREA IS LIMITED BUT THE COMMISSION CALLS ATTENTION TO THE INCREASED ROLE OF AGRICULTURAL AID IN THE EUROPEAN DEVELOPMENT FUND (ASSISTING 18 ASSOCIATED COUNTRIES):

| | TOTAL EDF AID | AID TO | PERCENT |
|----------------|---------------|---------|---------|
| 1ST EDF (1958) | 522,589 | 88,033 | 16.0 |
| 2ND EDF (1963) | 674,489 | 200,643 | 29.7 |
| 3RD EDF (1939) | 637,670 | 230,120 | 36.8 |
| TOTAL | 1,834,478 | 518,796 | |

4. IN ORDER TO PROMOTE AGRICULTURAL PRODUCTION, AT LEAST THREE THINGS ARE NECESSARY: IMPROVED YIELDS (VIA FERTILIZER USE AND OTHER PRACTICES), AGRICULTURAL PRICE STABILIZATION (VIA STOCKS), AND BETTER HEALTH AND SANITARY CONDITIONS.

5. THE THIRD PART OF THE COMMISSION MEMORANDUM UNDERLINES THE FACT THAT INCREASED FARM PRODUCTION DOES NOT NECESSARILY LEAD TO BETTER FOOD CONSUMPTION IN THE LDC'S BU CAN IN FACT MEAN A GREATER GAP BETWEEN THE RICH AND POOR IN THOSE COUNTRIES.

6. WITH REGARD TO WORLD FOOD SECURITY, THE EC FAVORS AN IMPROVED INFORMATION SYSTEM. IT IS WILLING TO ACCEPT THE PRINCIPLES OF THE BOERMA STOCK PROPOSAL, AND TO EXAMINE THE POSSIBILITY OF LIMITED OFFICIAL USE

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PARTICIPATING IN A LIMITED, WORLD EMERGENCY STOCK SCHEME (OF AROUND 500,000 MT OF GRAINS, FOR EXAMPLE). ON FOOD AID, THE COMMISSION PROPOSES THE FOLLOWING POLICY: TH RESPOND TO LDC NEEDS AND NOT SOLELY TO SURPLUS CONSIDERATIONS OF THE SUPPLYING COUNTRIES; TO INCLUDE A WIDER SELECTION OF AGRICULTURAL PRODUCTS UNDER FOOD AID (E.G., PROCESSED GRAIN PRODUCTS, POWDERED EGGS, BABY FOOD, DRIED FISH); TO GEAR AID TO THREE-YEAR PLANNING; AND TO REDUCE AID IN THE LONG TERM AS LDC PRODUCTION INCREASES.

7. THE COMMUNITY BELIEVES THAT ANY TRADE NEGOTIATION SHOULD BE STRICTLY KEPT APART FROM THE WFC FRAMEWORK. IT RECOGNIZES THAT THE WFC AGENDA WAS A NECESSARY COMPROMISE AND THAT TRADE QUESTIONS CAN BE TOUCHED ON INASMUCH AS THEY CONCERN FOOD. THE EC REITERATES ITS PUSH FOR AGRICULTURAL COMMODITY AGREEMENTS AS APPROVED BY THE UN SPECIAL SESSION ON RAW MATERIALS. SUCH AGREEMENTS ARE NECESSARY TO ASSURE A BETTER BALANCE BETWEEN WORLD SUPPLY AND DEMAND. THE COMMISSION ALSO STRESSES THE NEED FOR GREATER ECONOMIC INDEPENDENCE OF THE LDC'S AND INCREASED INTRA-LDC TRADE. IT POINTS TO THE BENEFITS DERIVED BY LDC'S FROM EC PREFERENCES AND COMMONWELATH PREFERENCES AND HOPES THAT THE INDUSTRIALIZED COUNTRIES WILL ADOPT THE GSP.

8. FINALLY, ON THE QUESTION OF A WORLD FOOD AUTHORITY, THE EC RESERVES ITS POSITION WHILE STATING THAT IN PRINCIPLE IT IS AGAINST THE PROLIFERATION OF NEW INSTITUTIONS.

9. THE ABOVE HAS BEEN A SUMMARY OF THE RELEVANT PROVISIONS OF THE COMMISSION MEMORANDUM ON THE WFC. THE FULL FRENCH TEXT OF THE MEORANDUM IS BEING SENT SEPARATELY BY AIRGRAM.GREENWALD

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